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No. 86-2004

# In the Supreme Court of the United States

OCTOBER TERM, 1987

ROBERT T. HOWITT, PETITIONER

*v.*

UNITED STATES DEPARTMENT OF COMMERCE

*ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT*

## BRIEF FOR THE RESPONDENT IN OPPOSITION

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## QUESTION PRESENTED

Whether the Court of Appeals for the Federal Circuit correctly held that it lacked ~~of~~ jurisdiction over an appeal from a decision of the Department of Commerce denying an application for attorney's fees under the Equal Access to Justice Act where the underlying proceedings in the Patent and Trademark Office were not subject to direct appeal to the Federal Circuit.

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### OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-2a) is reported at 818 F.2d 877 (Table). The decision of the General Counsel of the Department of Commerce denying petitioner's request for attorney's fees (Pet. App. 3a-14a) is unreported. The decisions of the Commissioner of Patents denying petitioner's request for attorney's fees (Pet. App. 19a-28a) and denying reconsideration (Pet. App. 15a-18a) are unreported.

### JURISDICTION

The judgment of the court of appeals (Pet. App. 75a) was entered on February 18, 1987. A petition for rehearing was denied on March 16, 1987 (Pet. App. 79a). The petition for a writ of certiorari was

filed as of June 13, 1987. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

## STATEMENT

This case arises out of petitioner's claim that he is entitled to an award of attorney's fees under the Equal Access to Justice Act (EAJA), 5 U.S.C. (Supp. III) 504, in connection with proceedings conducted by the Patent and Trademark Office (PTO) of the Department of Commerce.

1. In 1976, petitioner, who already held a patent on a type of snack table (No. 3,875,873) filed an application (Serial No. 728,129) for another snack table that was alleged to be an improved version of the first. The PTO examiner rejected petitioner's application on the ground that the claims for the second table were not sufficiently distinct from the claims of petitioner's prior patent (Pet. App. 65a). On July 16, 1980, the PTO Board of Appeals affirmed the examiner's determination on the ground that petitioner's application constituted "obviousness-type" double patenting (*id.* at 56a-59a).[1] Petitioner took no steps to challenge the Board's determination,[2] and

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[1] The doctrine of obviousness-type double patenting prevents a patentholder from enlarging the seventeen-year term of exclusivity under his initial patent by obtaining additional patents on obvious variations of the original invention. When a patent application is rejected on the ground of obviousness-type double patenting, the applicant may cure that defect by filing a terminal disclaimer, which provides that the later patent will expire on the same day as the earlier patent. See *In re Vogel*, 422 F.2d 438 (C.C.P.A. 1970).

[2] Petitioner did not seek reconsideration or clarification of the Board's decision; he did not appeal pursuant to 35 U.S.C. (Supp. III) 141; and he did not challenge the Board's determination in a civil action pursuant to 35 U.S.C. (Supp. III) 145.

the Board's action accordingly became final sixty days later on September 14, 1980 (see 37 C.F.R. 1.197(c)).

Instead, on the premise that the Board's determination permitted him to cure the deficiency in his application, petitioner filed a terminal disclaimer on November 19, 1980 (see note 1, *supra*), more than four months after the Board's decision had been entered and more than two months after the time within which to seek review of that decision had expired. The examiner rejected petitioner's terminal disclaimer, concluding that the disclaimer was untimely and that the application was therefore abandoned (Pet. App. 52a-53a).[3] Petitioner pursued administrative review of the examiner's decision rejecting his disclaimer and the Commissioner of Patents eventually withdrew the examiner's holding of abandonment (*id.* at 45a-46a).

2. Petitioner then requested an award of attorney's fees under the EAJA (see Pet. App. 22a). The Commissioner rejected that request because the PTO proceedings for which fees were sought were not adversary adjudications within the scope of the EAJA and because the positions taken by the PTO were substantially justified (*id.* at 19a-28a). On October 24, 1983, the Commissioner denied petitioner's request for reconsideration, noting additionally that the petition for attorney's fees had been filed out of time (*id.* at 15a-18a).

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[3] Under 37 C.F.R. 1.197(c), an application is abandoned if, within 60 days after the Board affirms the examiner's decision, the applicant fails to file an appeal or a civil action under 35 U.S.C. (Supp. III) 145. See also *Manual of Patent Examining Procedure* § 1214.06.

Petitioner took an appeal from the Commissioner's denial of attorney's fees to the General Counsel of the Department of Commerce (see 15 C.F.R. 18.10, 18.23). The General Counsel agreed with the Commissioner that the PTO proceedings for which petitioner sought an award of attorney's fees were not formal adjudications within the meaning of the Administrative Procedure Act (APA), 5 U.S.C. 554, and therefore were not within the scope of the EAJA, 5 U.S.C. (Supp. III) 504 (Pet. App. 3a-14a).

3. Petitioner sought review of the General Counsel's decision denying attorney's fees by filing an appeal in the Court of Appeals for the Federal Circuit. In an unpublished opinion (Pet. App. 1a-2a), the court dismissed the appeal for lack of jurisdiction. The court held that in the absence of jurisdiction to review the underlying agency determination on the merits it lacked jurisdiction to review the denial of attorney's fees.

## ARGUMENT

The court of appeals' decision is correct and does not conflict with any decision of this Court or of any other court of appeals. Accordingly, further review is not warranted.

1. It is well settled that there are distinct forms of PTO proceedings with different avenues for appellate review: a decision by an examiner that rejects a patent application is subject to review by the Board of Appeals, and a decision of the Board of Appeals may be appealed to the Federal Circuit (28 U.S.C. (4 Supp. III) 1295(a)(4)(A); 35 U.S.C. (Supp. III) 141) or may be challenged in an action brought in district court (35 U.S.C. (Supp. III) 145); other decisions by an

examiner may be appealed by a petition to the Commissioner, and a decision by the Commissioner denying a petition is subject to review only by the commencement of a lawsuit in district court (*Digital Equipment Corp.* v. *Diamond*, 653 F.2d 701, 714 (1st Cir. 1981); *Rhone-Poulenc S.A.* v. *Dann*, 507 F.2d 261 (4th Cir. 1974), cert. denied, 422 U.S. 1009 (1975); *Winkler* v. *Ladd*, 21 F. Supp. 550 (D.D.C. 1963), aff'd, 143 U.S.P.Q. 172 (D.C. Cir. 1964); see also *Wyden* v. *Commissioner*, 807 F.2d 934, 940 & n.4 (Fed. Cir. 1986) (Markey, C.J., dissenting)). A decision by the Commissioner denying a petition may not be appealed directly to the Federal Circuit (*In re Makari*, 708 F.2d 709, 711 (Fed. Cir. 1983)).

These distinctions between forms of PTO proceedings are central to this case because the Equal Access to Justice Act states that jurisdiction to review an agency's denial of a claim for attorney's fees resides in the court having jurisdiction to review the merits of the underlying agency adjudication. 5 U.S.C. (Supp. III) 504(c)(2). The only administrative decision in this case that even arguably could have been the subject of a direct appeal to the court of appeals was the decision by the Board of Appeals affirming the examiner's rejection of petitioner's patent application.[4] But petitioner never appealed from the deci-

[4] As the Board's decision was issued in July 1980, it antedated the creation of the Federal Circuit. At that time, the appropriate forum for an appeal was the Court of Customs and Patent Appeals. Effective October 1, 1982, the Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, § 403, 96 Stat. 57, abolished the Court of Customs and Patent Appeals and established the Court of Appeals for the Federal Circuit as the sole forum for appeals from decisions of the PTO Board of Appeals and the PTO Board of Patent Interferences (now combined as the Board of Patent Appeals and Interferences).

sion of the Board of Appeals, nor did he seek attorneys' fees within 30 days after the time within which to appeal from the Board's decision had expired.[5] Rather, petitioner sought attorney's fees only after the Commissioner held, in a separate proceeding which could not have been the subject of an appeal to the Federal Circuit, that petitioner's patent application had not been abandoned. Since the merits of the Commissioner's determination could be reviewed only by an action in district court, the denial of attorney's fees was also subject to review only in district court.

2. Contrary to petitioner's contention (Pet. at 10-11, 12), the decision of the court of appeals does not conflict with prior decisions of the former Court of Customs and Patent Appeals (see note 4, *supra*). The cases upon which petitioner relies (*In re Haas*, 486 F.2d 1053 (C.C.P.A. 1973); *Margolis* v. *Banner*, 599 F.2d 435 (C.C.P.A. 1979)), stated that there might be a limited number of actions taken by patent examiners which, while not formally rejecting an application, constituted de facto rejections subject to appeal to the Board of Appeals and then to the

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[5] Indeed, the Board's decision became final and unappealable as of September 14, 1980—more than a year before the effective date of the EAJA. Pub. L. No. 96-481, § 208, 94 Stat. 2330. Because the EAJA applies only to actions that were pending on or after October 1, 1981, no attorney's fees could be recovered relating to the Board of Appeals decision even if it were considered an adversary adjudication. *Tyler Business Services, Inc.* v. *NLRB*, 695 F.2d 73, 77 (4th Cir. 1982). See also, *Nichols* v. *Pierce*, 740 F.2d 1249, 1255-1259 (D.C. Cir. 1984); *Berman* v. *Schweiker*, 713 F.2d 1290, 1301 (7th Cir. 1983).

former Court of Customs and Patent Appeals.[6] Yet, as the Federal Circuit held in *In re Makari*, 708 F.2d at 711, such decisions are the exception; the rule remains that the Federal Circuit "do[es] not have jurisdiction to review decisions of the Commissioner on petitions." In this case, which is consistent with *Makari* and distinguishable from *Haas* and *Margolis*, there was no reason to create an exception to permit petitioner to bypass the district court in seeking review of the denial of his EAJA claim.[7]

3. There is no merit to petitioner's contention (Pet. 14, 20) that the court of appeals erred in not transferring this action to a district court pursuant to 28 U.S.C. 1631. Petitioner made no request to have this case transferred until after the court of appeals had issued its decision and had denied rehearing. Not until he filed a petition to recall the mandate in the court of appeals did petitioner raise the issue of transfer under Section 1631. The court of appeals properly concluded that this case did not warrant the extraordinary step of recalling the mandate. See *In re Jones*, 542 F.2d 65, 68 (C.C.P.A. 1976); *In re Willis*, 537 F.2d 513, 515 (C.C.P.A. 1976); *Greater Boston Television Corp.* v. *FCC*, 463 F.2d 268, 278 (D.C. Cir. 1971), cert. denied, 406 U.S. 950 (1972).

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[6] *Haas* involved an appeal from the Board of Appeals, a matter that was clearly within the jurisdiction of the former Court of Customs and Patent Appeals. *Margolis* was an action for a writ of mandamus under the All Writs Act, 28 U.S.C. 1651(a).

[7] Because petitioner circumvented the district court, this case does not present the question whether an appeal from a district court lies to the Federal Circuit or to the regional court of appeals and petitioner's references to *Wyden* v. *Commissioner*, *supra*, are therefore inapposite (Pet. 7, 11).

In any event, Section 1631 is applicable only where the court finds that a transfer of jurisdiction is in the interest of justice. Where, as here, it is clear that the claim is meritless, the proper disposition is dismissal rather than transfer. *Zinger Construction Co.* v. *United States*, 753 F.2d 1053, 1055 (Fed. Cir. 1985). Section 504 of the EAJA applies only to agency "adversary adjudications" (under Section 554 of the APA) in which a hearing "on the record" is required by statute and in which the government is represented by counsel. *Railroad Commission* v. *United States*, 765 F.2d 221, 227 (D.C. Cir. 1985); *City of West Chicago* v. *United States Nuclear Regulatory Commission*, 701 F.2d 632, 642 (7th Cir. 1983). In general, the patent examination process is not adversarial since the government's interest in promoting progress in the useful arts is advanced by the granting of a patent that meets the statutory requirements. See H.R. Rep. 97-312, 97th Cong., 1st Sess. 20 (1981) ("the United States patent system * * * foster[s] technological growth and industrial innovation"). Moreover, Title 35 contains no requirement to hold a hearing on petitions to the Commissioner, much less a hearing "on the record." As the General Counsel concluded, this suggests that a petition to the Commissioner is an informal adjudication to which the APA and, consequently, the EAJA do not apply. See *Citizens To Preserve Overton Park* v. *Volpe*, 401 U.S. 402, 414-416 (1971). Finally, petitions to the Commissioner are processed without separate representation of the government. See *Cornella* v. *Schweiker*, 728 F.2d 978, 988-989 (8th Cir. 1984) (social security hearings are not considered adversary adjudications subject to the EAJA where the Secretary is not separately represented).

## CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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